



Working with Retailers to Target the 5 A Day Message to Consumers

Mike Agostini
Director of Retail
Agribuys.com



Produce for Better Health Foundation Targeted Marketing Task Force

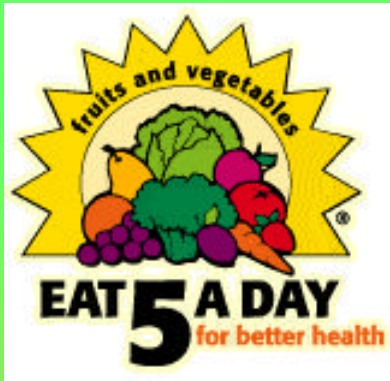
Direct Mail Targeted Marketing Results

Mike Agostini
Director of Retail
Agribuys.com



Introduction

- Report test results for fresh produce targeted marketing promotions
- Promotions ran with the cooperation and support of a major retailer and various produce supplier/vendors
- Promotions involved direct mail pieces targeted to specific consumers using club card data



Concept:

- Run a series of 3 similar direct mail promotions to a statistical base of consumers
- Offer high value coupons on produce or produce related tie in items in each direct mail piece
- Measure coupon redemption rates to measure variations in the effectiveness of reaching different targeted groups



Promotion Parameters

- Consumers were targeted by frequency purchases of fresh produce (using club card data)
- Each promotional piece was mailed to 125,000 Households
- Each contained no more than 5 coupons with a redemption value target of \$1.00 per coupon
- All items featured in each direct mail piece were timed to be on price reduced promotion during the week of in home delivery



Targeting

- Promotion #1
Targeted to low frequency purchasers of fresh produce
- Promotion #2
Targeted to medium frequency purchasers of fresh produce
- Promotion #3
Targeted to high frequency purchasers of fresh produce



Promotion #1 Results

(low frequency purchasers)

- Combined redemption on produce items was 4.09%
- Redemption on meat tie in item was 1.99%
- Redemption on other produce tie in items was 0.65%

Marketing experts advised that redemption rates greater than 2% indicate a successful promotion



Promotion #2 Results

(Medium frequency purchasers)

- Combined redemption on produce items was 5.97%
- Redemption on dairy tie in item was 2.39%
- Redemption on other produce tie in items was 1.17%

Marketing experts advised that redemption rates greater than 2% indicate a successful promotion



Promotion #3 Results

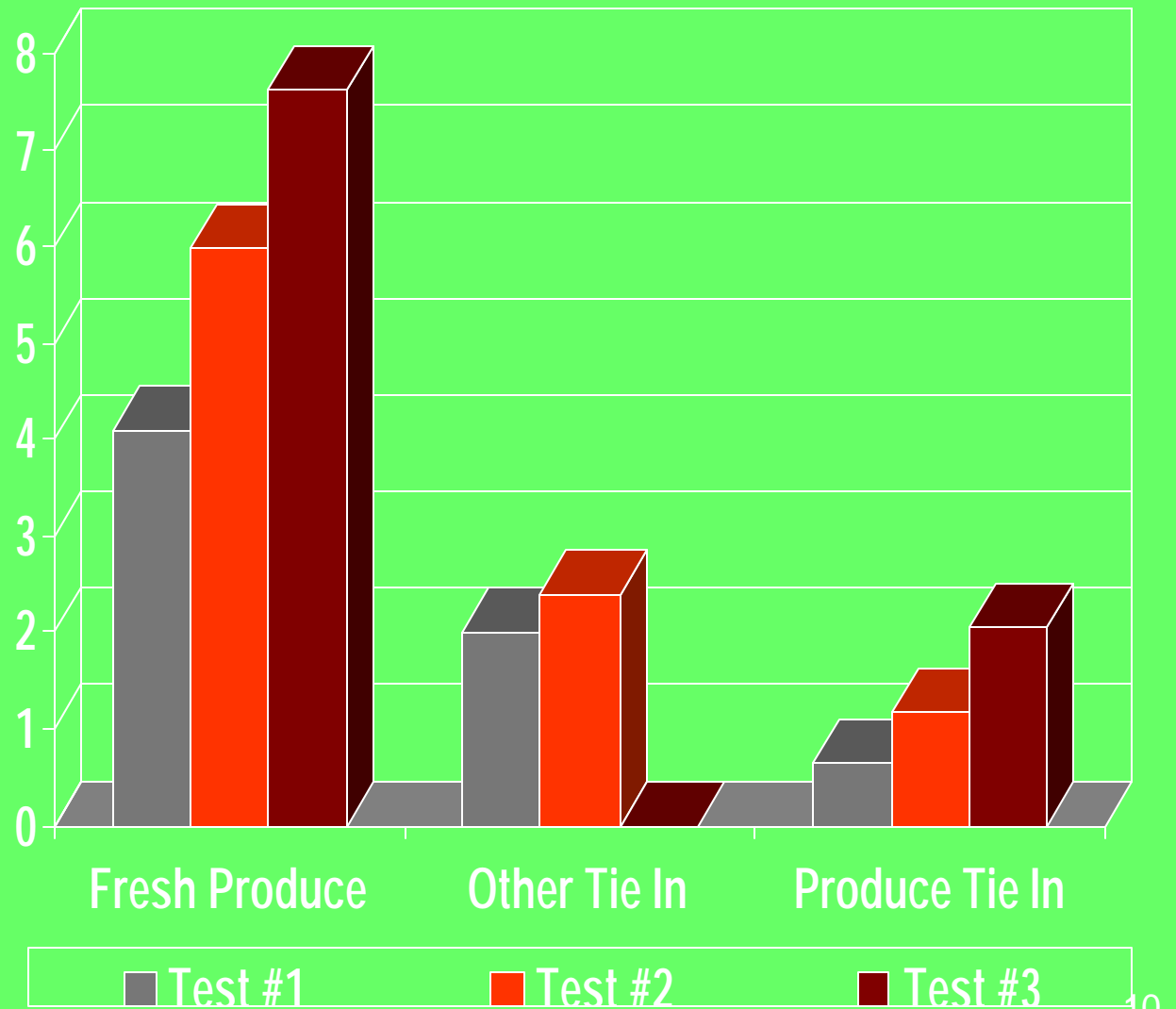
(High frequency purchasers)

- Combined redemption on produce items was 7.62%
- There were no tie in items from other departments
- Redemption on other produce tie in items was 2.05%

Marketing experts advised that redemption rates greater than 2% indicate a successful promotion



Test Comparison





Summary

- No surprises, redemption results increased exponentially with each range increase in produce purchase frequency
- All tests surpassed the marketing benchmark of 2% redemption to be considered a success
- Tie ins from the meat and dairy departments also showed successful redemptions
- Redemptions on produce tie in items were low, but typically involved items with slower movement and less mass appeal to the consumer



Additional Learning

- Deeper analysis of direct mail promotions showed that total produce sales in the test group were impacted by 10% to the positive side indicating the effect of direct mail targeted marketing exceeds the actual coupon redemption results
- Test #1 contained a sub test of varying coupon offers. Some households received an offer of \$1.00 off 2 units, others received \$.50 off the purchase of 1 unit. The single unit coupon redeemed 9 times higher than the double unit requirement



Considerations

- Results are based on a limited series of tests using produce salad vegetables and tie in items
- Tests were run during differing seasons of the year spanning from January to July
- Although efforts were made to prepare the promotions with items of equal demand and value, there were differences in items and coupons between promotions
- Cost effectiveness of direct mail promoting was not considered in measuring the overall results



Conclusions

- Targeted marketing direct mail promotions do increase total produce purchases
- Redemption results will increase with increased scope of current consumer habits
- Use high value coupons and limit multiple purchase requirements if possible
- Results are based on a very small sampling of promotions. Continued testing and evaluation is a must